



**CHARTER REVIEW SUB-COMMITTEE OF THE CITY OF SAN DIEGO
FINANCIAL REFORM SUB-COMMITTEE
CHAIR- DONNA JONES**

**MINUTES FOR
FRIDAY, JUNE 15, 2007, AT 9:00 A.M.**

**COUNCIL COMMITTEE ROOM (12TH FLOOR),
CITY ADMINISTRATION BUILDING
202 C STREET, SAN DIEGO, CALIFORNIA**

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9:10 Call to Order. Roll Call

Committee Members:

Donna Jones, Chair	Present
John Gordon	Present
Vincent Mudd	Present
Lei-Chala Wilson	Excused
James Milliken	Excused

Staff in Attendance:

James Ingram, Committee Consultant
Lisa Briggs, Office of the Mayor
Jeff Kavar, Office of the IBA
Brant C. Will, City Attorney's Office

Guests:

Jay Goldstone, CFO, City of San Diego
Andrea Tevlin, IBA, City of San Diego
Larry Tomanek, City Attorney's Office
Lauren Bersford, Office of the IBA

NON-AGENDA PUBLIC COMMENT

Mr. Mel Shapiro requested that copies of the draft agenda be provided to the public. Further, any modification to the schedule needs to be given to the public in advance.

SUB-COMMITTEE COMMENT

Mr. Gordon requested that minutes, once approved be put on the web site.

CITY ATTORNEY, COUNCIL INDEPENDENT BUDGET ANALYST AND MAYORAL STAFF COMMENT

Mayoral staff reported that Mr. Stanley Keller and Councilmember Kevin Faulconer will be attended the next full meeting of the Committee on 6/22. The first community meeting of the Committee has been scheduled for 6/28. Staff also reminded the Committee members that the Form 700 is now due.

ITEM – 1: Discussion Item- Chief Financial Officer and the City of San Diego’s Financial Organizational Structure

A report was received from Jay Goldstone regarding the City’s financial organizational structure. Mr. Goldstone outlined the Kroll recommendations, what the current organization looks like and recommendations for change. These recommendations include amending Charter Section 39 to split the Internal Auditor function from the Comptroller function and create the position of “Chief Financial Officer”. Mr. Goldstone further clarified that, rather than delineating an organization chart within the Charter, the better focus would be to insure that specific duties are spelled out, but not a detailed organization structure.

Discussion was also had on the creation of a Charter Section that calls for a balanced budget. Questions were raised as to what would be the consequences should the Council and/or Mayor fail to produce or adopt a balanced budget? Staff confirmed that this issue is now part of the work plan and should be further investigated by the City Attorney’s office.

Mr. Shapiro was the sole public speaker on this issue and, during his comments, also addressed Item 2 noting that the City Attorney has a position on these issues and should be invited to share that perspective. He also noted that the current Charter language, which has the Auditor Comptroller reporting to the Mayor and Council presents a situation ripe for conflict and needs to be changed.

ITEM – 2: Discussion Item- Section 39 and the Internal Auditor Function

Ms. Tevlin handed out two reports which are attached to these minutes and reflect her comments. It was acknowledged by Ms. Tevlin and Mr. Goldstone that the question of Internal Auditor independence is linked to the composition and authority of the Audit Committee. Discussion of composition of the Audit Committee was had and included whether it should be made up solely of Councilmembers or whether there should also be public members. Questions were also asked about what would be the appropriate size for this committee. Staff was requested to obtain all City Attorney opinions on this issue. Ms. Tevlin also handed out the operating principals for the current Auditor as well as the Audit Committee Charter.

Discussion began on the appointment process for the Internal Auditor. Options discussed included nomination by Mayor with confirmation by City Council, having the Internal Auditor appointed by the Audit Committee or having only the Council appoint the Auditor.

James Ingram presented his initial findings on how other jurisdictions addressed the appointment of their Internal Auditor. Specifically, whether the Internal Auditor was appointed or elected. The Committee recommended that staff focus on San Jose, San Francisco, Los Angeles, New York, Seattle and Oakland. Further data is wanted on these specific cities regarding:

- Dates that changes were made to their Charter.
- What is the financial performance of these cities?
- What went into the decision to go with either an elected or appointed position?

The Chair requested information on next steps. Staff explained that “straw man” language will be provided before the next meeting to be discussed. Staff will work with the IBA and City Attorney’s office. It is anticipated that the draft language will be a starting point for discussion purposes, but will ultimately be changed as the Committee goes through its deliberations.

ITEM – 3: Action Item: Approve Minutes from May 18, 2007 Financial Reform Subcommittee Meeting

Motion by Committee member Mudd, second by Committee member Gordon to accept the minutes. Passed 3-0.

Adjourn 11:15